

TITLE 202 OPERATIONS WITHIN FACILITIES AND COMMUNITY-BASED
SERVICES FOR PERSONS WITH MENTAL ILLNESS OR DEVELOPMENTAL
DISABILITIES

CHAPTER 1 DETERMINING ABILITY TO PAY FOR SUPPORTS AND SERVICES
FUNDED BY THE NEBRASKA DEPARTMENT OF HEALTH AND HUMAN SERVICES

1-001 SCOPE AND AUTHORITY: These regulations govern the determination of the ability to pay for all services funded by the Nebraska Department of Health and Human Services when provided by a state institutions or other inpatient treatment facility pursuant to an order of a mental health board under the Nebraska Mental Health Commitment Act ~~and or by a~~ community-based providers. These regulations implement the requirements of Neb. Rev. Stat. Sections 83-227.01, 83-227.02, 83-350, 83-363 to 83-380, and 83-1211.

~~These regulations are administered by the Department of Health and Human Services Finance and Support on behalf of the Department of Health and Human Services under an interagency agreement pursuant to Neb. Rev. Stat. Sections 81-3102(6), 81-3302(6), and 13-801 to 13-827.~~

1-002 DEFINITIONS:

Ability to pay means the amount determined by the Department that the client or legally responsible relative can pay monthly towards the cost of services.

Assets means ~~unearned income or~~ chargeable assets. For clients who have reached the age of majority, the assets of the client and/or the client's spouse will be considered.

Capital construction means the cost to the Department for any project in which funds have been appropriated through legislation within the capital construction project.

Capital expenditure means any funds expended by the Department for the addition of any fixtures or major improvements that will become a permanent part of a capital asset. Routine maintenance items and items related to the client's care and support are excluded from capital expenditures.

Chargeable assets of a client or responsible relative means the total assets of the client and his/her spouse (or responsible relative), as applicable, and may include but is not limited to all assets reported on the financial questionnaire. Chargeable assets of the client may exclude:

1. Liabilities substantiated by the client;
2. The fair market value or equity in a home if it can be reasonably assumed that the client will, in the future, reside in the dwelling;
3. The fair market value or equity in an automobile if it can be reasonably assumed that the client will have future use of it;
4. Unearned income as defined in this chapter; and
5. Burial trusts ~~up to \$4000~~ as allowed under the Nebraska Medical Assistance Program in 469 NAC 2-009.07A3.

Client means a recipient of services funded by the Nebraska Department of Health and Human Services and provided by a state institution or by a community-based provider as defined in this chapter.

Community-based provider means the individual, organization or agency certified by the Department of Health and Human Services to provide contracted services to persons with developmental disabilities.

Earned income means the net Nebraska taxable income reportable under Nebraska law. For persons who have reached the age of majority, the income of the client and the client's spouse is considered. For persons under the age of majority, the income/assets of the client and the taxable income of the client's parents is considered.

Income means gain or recurrent benefit received in money or in-kind from employment, business, property, investments, gifts, benefits, or annuities, at regular or irregular intervals of time.

Legally Responsible Relative means the client's spouse, or if the client is not married and is under the age of majority at the time s/he receives services, the client's parents. Parents includes either or both of the client's natural parents, unless the client has been legally adopted by another parent or other parents. In the case of adoption, parents include the adoptive parent.

Liability means the legal obligations owed to creditors.

Monthly means each calendar month in which the client incurred charges.

Personal needs allowance means the amount of unearned income that is not assessed for maintenance of the client. This amount is established by the Department or based on Medical Assistance guidelines.

State institution means the Lincoln Regional Center, Norfolk Regional Center, Hastings Regional Center, the Beatrice State Developmental Center, and other institutions which are established by the Legislature for the care and treatment of persons with mental illness and/or developmental disabilities.

Taxable income means Nebraska taxable income after allowance of Nebraska personal exemption credits which are converted to income.

Unearned income means but is not limited to Social Security benefits, Railroad Retirement benefits, military service benefits, unemployment compensation, disability benefits, worker's compensation, alimony, child support, and sick pay received on behalf of the client.

1-003 DETERMINING COST OF SUPPORTS AND SERVICES: The Department must periodically determine the individual cost for the care, maintenance and treatment, and support of clients in each state institution or community-based program exclusive of the cost of education. In making these determinations, the Department may use averaging methods for each service if, in the judgment of the ~~Director or designee~~ Department, it is not practicable to compute the cost for each client.

1-003.01 The cost of capital expenditures and capital construction are not included in making these determinations.

1-004 LIABILITY OF THE CLIENT AND LEGALLY RESPONSIBLE RELATIVES: The client and his/her legally responsible relatives are liable for the cost of the care, support, maintenance, and treatment of the client to the extent and in the manner provided in 202 NAC 1. The provisions of 202 NAC 1 also apply to persons admitted to a state institution or community-based provider as transferees from any correctional facility, but only after the expiration of the time for which the transferees were originally sentenced or committed.

1-004.01 The Department must assess against the client or his/her legally responsible relatives all or that part of the cost as they are able to pay, in the judgment of the ~~Director or his/her designee~~ Department, as determined under 202 NAC 1.

1-004.02 The liability of each legally responsible relative, except a spouse, ceases when legally responsible relatives have completed payments assessed pursuant to 202 NAC 1 for 180 months, or until the client attains the age of majority, whichever occurs first.

1-005 FAILURE TO FURNISH INFORMATION: When a ~~client, his/her representative or attorney-in-fact, or~~ legally responsible relative fails to furnish financial information including but not necessarily limited to a copy of their state tax return and a completed financial questionnaire to the Department within 20 days from the date requested, the Department must deem ~~these person/s~~ the relative to have the ability to pay the full cost

of any care, support, maintenance and treatment provided. The Department may give consideration to extenuating circumstances with regard to the 20-day limitation.

1-006 FAILURE TO PAY: When a client or legally responsible relative fails to pay the amounts determined to be due under 202 NAC 1, the State of Nebraska may proceed against such person in the manner authorized by the law for the recovery of money owed to a creditor.

1-006.01 The Department may assess a 1% per month finance charge on all accounts that are in excess of 90 days old, as allowed as pre-judgment interest per statute.

1-007 FRAUDULENT TRANSFERS: In the absence of fraud, a client and his/her legally responsible relatives are liable only to the extent of assessments actually made against them respectively, in accordance with 202 NAC 1.

1-007.01 In the event that it is determined that a client or his/her legally responsible relative has transferred any assets or property to another person for the purpose of affecting the determination of ability to pay, the Department must consider the value of those assets or property in determining the ability to pay.

1-008 FACTORS CONSIDERED IN DETERMINING ABILITY TO PAY: The client's ability to pay must be determined by the Department based on:

1. His/her taxable income, chargeable assets, and unearned income;
2. The age and mental and physical condition of dependent(s);
3. Patient's length of care or treatment; and
4. Health insurance coverage.

Liabilities, age, and the number of his/her dependents are also considered in this process.

1-008.01 A client with assets may have the ability to pay full cost depending on whether the reduction in assets would qualify the client for other types of benefits.

1-008.02 Whenever the Department determines that a client is unable to pay the entire cost, the Department must determine the ability of his/her spouse, or parents if the client is under the age of majority, to pay those costs by consideration of ~~factors such as:~~ taxable income reported (as defined in 202 NAC 1-002) and the client's length of care and treatment. ~~the legally responsible relative's age, his/her assets, his/her liabilities, and the number of his/her dependents.~~

1-008.03 At the request of the client or legally responsible relative, the Department may consider other factors determined to be relevant in the interest

of avoiding undue financial hardships. These factors may include ~~average net monthly income, monthly liabilities, and federal poverty guidelines.~~ the relative's age, provision for retirement years, assets, liabilities, number of dependents and their mental and physical condition and educational requirements.

1-008.04 Any determination of the ability of a client or legally responsible relative to pay remains in effect until a redetermination is made. The Department must make a redetermination annually and at any time when, in the judgment of the Director or his/her designee, it is appropriate to do so, or when a request is made by the client or the legally responsible relative who is liable for the payments and there is a substantial, permanent change in income or assets.

1-008.05 The ~~client and/or~~ legally responsible relative must provide the facility with information pertaining to all types of available insurance coverage sufficient to enable the facility to recover up to the full cost of services. Failure to do so or failure to assign or remit all benefits to the facility (up to and equal to an amount sufficient to cover full costs) will result in the ~~client and/or~~ legally responsible relative having the ability to pay full costs.

1-009 ABILITY TO PAY FROM TAXABLE INCOME OF CLIENTS WHO HAVE REACHED THE AGE OF MAJORITY: For a client who provides the requested tax return, the Department must first determine the ability to pay from his/her taxable income.

1-009.01 For a client with a spouse and/or dependents, the Department must determine the client's ability to pay at a rate of 1.5% monthly of his/her annual taxable income.

1-009.02 For a client without dependents, the Department must determine the client's ability to pay at a rate of 2% monthly of his/her annual taxable income.

1-009.03 A client who did not file a Nebraska tax return must submit to the Department a copy of his/her federal income tax return, in which case all income will be treated as though it was derived from sources within the State of Nebraska.

1-009.04 If the client did not file a tax return, the Department must make a determination of ability to pay from current earned income.

1-009.05 If a client is employed in a sheltered workshop or work-release program, the client's ability to pay is determined from the client's monthly earned income. The client's ability to pay is equal to the amount of income in excess of that allowable for continuation of any benefit.

1-010 ABILITY TO PAY FROM ASSETS OF CLIENTS WHO HAVE REACHED THE AGE OF MAJORITY: Following the determination of clients' ability to pay based on

annual taxable income, for clients without sufficient taxable income to pay the full costs of services provided by the Department, the Department must next determine the ability to pay from assets as follows.

1-010.01 Chargeable Assets – Clients With Dependents: For a client with spouse and/or dependents and without sufficient taxable income to pay the cost of supports and services, the Department must consider his/her chargeable assets for the purpose of paying those costs.

1-010.01A Assets of a client and spouse are determined and assessed as one unit and not separately.

1-010.01B For a client who has dependents and is receiving services at a Regional Center, the Department must assess his/her chargeable assets at a monthly rate of 1% of the assets.

1-010.01C For a client receiving services from a community-based program or the Beatrice State Developmental Center who has available chargeable assets that exceed the eligibility levels necessary to ensure continuation of any benefit including Medicaid, the Department must assess the client's ability to pay at full cost until the client's chargeable assets no longer exceed eligibility levels.

1-010.02 Chargeable Assets – Clients Without Dependents: For a client without dependents and without sufficient taxable income to pay the cost of supports and services, the Department must consider his/her chargeable assets for the purpose of paying those costs.

1-010.02A For a client under age 65 who has no dependents and who is receiving services at a Regional Center, the Department must assess his/her chargeable assets at a monthly rate of 2% of the assets.

1-010.02B For a client age 65 or older who has no dependents and is receiving services at a Regional Center, the Department must consider all his/her available chargeable assets in determining his/her monthly assessment to ensure a continuation of any benefit, including Medicaid.

1-010.02C For a client receiving services from a community-based program or the Beatrice State Developmental Center who has available chargeable assets that exceed the eligibility levels necessary to ensure continuation of any benefit including Medicaid, the Department must assess the client's ability to pay at full cost until the client's chargeable assets no longer exceed eligibility levels.

1-010.03 Unearned Income: After considered~~ation~~ of annual taxable income and chargeable assets, a client with unearned income or benefits ~~must have~~ has

the ability to pay the amount by which such unearned income or benefits exceed ~~the sum of:~~

1. For individuals receiving inpatient care from a state institution or other inpatient treatment facility or for residents of the Beatrice State Developmental Center: The personal needs allowance ~~established by the Department~~ as established under the Nebraska Medical Assistance Program in Title 469, Chapter 3 and 469-000-211; and
2. For individuals receiving outpatient care or community-based services: The standard of need allowance ~~under the Medicaid program.~~ as established under the Nebraska Medical Assistance Program in Title 469, Chapter 3 and 469-000-211.

1-010.03A The payee of the benefits must remit the determined amounts to the Department.

1-010.03B If the amount accrued with personal needs allowance creates savings that would disqualify a client from a benefit such as Medicaid, the Department must assess the excess total at full cost until the client qualifies for the benefit.

1-011 SPOUSE'S ABILITY TO PAY: When a client and his/her spouse file separate tax returns, the Department must determine the ability to pay of the client's spouse who provides the requested financial information to the Department at 1.5% of his/her annual taxable income per month.

1-011.01 If a client's spouse did not file a Nebraska income tax return, the spouse must submit a copy of the federal income tax return in order that his/her taxable income equivalent may be determined, in which case, all income will be treated as though it was derived from sources within the State of Nebraska.

1-011.02 If a client and spouse file a joint return, the Department must make a determination of ability to pay from the joint tax return using the same percentages but must consider the client's and spouse's ability to pay from taxable income.

1-012 PARENT'S ABILITY TO PAY: The Department must determine the ability to pay of parents of clients who are under the age of majority at 0.5% monthly of their annual taxable income.

1-012.01 The liability of the parents must cease when the client reaches the age of majority or when the parents have completed payments for 180 months.

1-012.02 Parents who do not file a Nebraska income tax return must submit a copy of the U.S. income tax return to the Department to determine their taxable

income equivalent, in which case all income will be treated as though it was derived from sources within the State of Nebraska.

1-012.03 The Department must assess child support paid for the benefit of the client as unearned income in determining the client's ability to pay. The payee must remit the determined amounts to the Department upon notice.

1-013 HEARINGS: See Title 207 NAC 1. The party appealing the Department's decision has the burden of proof.